



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

July 13, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR OPTION TO RENEW LEASE NO.72387
DEPARTMENT OF PUBLIC SOCIAL SERVICES
3216 ROSEMEAD BOULEVARD, EL MONTE
(FIRST) (3 VOTES)**

SUBJECT

This recommendation is for a five-year lease renewal of 41,836 square feet of office space and 167 parking spaces located at 3216 Rosemead Boulevard, El Monte for the Department of Public Social Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease renewal is categorically exempt from the California Environmental Quality Act pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State California Environmental Quality Act Guidelines (Existing Facilities).
2. Exercise the option to renew the lease for a five-year term with Town Investment, LLC, for 41,836 rentable square feet of office space and 167 parking spaces located at 3216 Rosemead Boulevard, El Monte, for the Department of Public Social Services, at an annual first year rent not to exceed \$845,191 which is 91 percent State and Federal subvention funded and 9 percent net County cost.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#16 JULY 13, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this renewal will provide the Department of Public Social Services (DPSS) continued occupancy of this space, which accommodates 162 DPSS employees and ten co-located staff who provide mandated supportive services to program participants.

The GAIN program at this location provides employment-related services to CalWORKs participants to help them become employed, stay employed, and move on to higher paying jobs, which will lead to self-sufficiency and independence. DPSS has an ongoing need to continue this program at this location servicing clients in the El Monte/San Gabriel Valley area.

Implementation of Strategic Plan Goals

In compliance with the Countywide Strategic Plan, the proposed lease renewal will support the efficient and timely delivery of client-centered supportive services that are convenient for public access (Goal 1, Operational Effectiveness and Goal 2, Children, Family and Adult Well-Being). The proposed lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum rental cost for the first year of the option period shall not exceed \$845,191 based on the terms and conditions in the five-year lease option, which limits annual Consumer Price Index (CPI) rental adjustments to no more than 3 percent a year of the Base Rent, or \$19,579 annually.

3216 ROSEMEAD BLVD., EL MONTE	EXISTING LEASE NO. 72387	FIVE-YEAR LEASE OPTION	CHANGE
Area (Square feet)	41,836	41,836	None
Term	07/05/2000 - 07/04/2010	Upon Board approval and expires five-years thereafter	+Five years
Annual Base Rent	\$825,612 (\$19.73 sq ft)	\$845,191 (\$20.20 sq ft)	+\$19,579 (\$.47 sq ft)
Parking (included in base rent)	167 parking spaces	167 parking spaces	None
Cancellation	County may cancel anytime upon 90 days prior written notice	County may cancel anytime upon 90 days prior written notice	None
Option to Renew	One five-year option	Five-year option exercised	No option remains
Rental Adjustment	Rent subject to annual CPI adjustment to a maximum of 3 percent of the Base Rent or \$19,579 annually	Rent subject to annual CPI adjustment to a maximum of 3 percent of the Base Rent or \$19,579 annually	None

Sufficient funding for the proposed five-year extension is included in the 2010-11 Rent Expense budget. DPSS has sufficient funds in its 2010-11 operating budget to cover the projected lease costs. Ninety-one percent of the rental cost will be subvention funded by State and Federal revenues.

Although the Chief Executive Office (CEO) analysis provided for 36,000 square feet of office space, based on the information provided by DPSS in the Space Request Evaluation, the department received approval to renew the existing lease of 41,836 square feet of office space. Renewing the existing lease space is less expensive than renovating the existing space or building out smaller space at a new leased location. Should a more cost-effective facility become available in the future, the early termination right negotiated in the lease affords the County flexibility to relocate.

The Department of Public Works has inspected this facility and has reported that the building meets current standards for the County's occupancy.

Notices have been sent to the City of El Monte pursuant to Government Code Sections 65402 and 25352. The City has not objected to the proposed lease extension.

It is not feasible to house a child care center at the building. However, there are two County employee child care centers located nearby at 3350 Aerojet, El Monte, and 9320 Telstar, El Monte.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County entered into this full-service lease in July 2000, for 41,836 square feet of office space. The original lease contains a rental adjustment provision to limit annual CPI increases to a maximum of 3 percent of the base year rent. Notice of intent to exercise this option has been provided to the Landlord and the lease requires your Board to exercise the option.

- The term commences upon Board approval and expires five years thereafter.
- There is a cancellation provision allowing the County to cancel anytime upon 90 days advance notice to the Landlord.
- The rent includes on-site parking for 167 vehicles.
- This is a full-service gross lease whereby the Landlord is responsible for all operating expenses associated with DPSS occupancy.
- The Base Rent is subject to annual CPI increases capped at 3 percent of the Base Rent Year or \$19,579 annually.

The Honorable Board of Supervisors
July 13, 2010
Page 4

CEO Real Estate staff surveyed the El Monte/San Gabriel Valley area as specified by DPSS in order to maintain close proximity within the service area. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the surrounding El Monte/San Gabriel Valley area and there are no County-owned or leased facilities available for the programs.

Based upon a market survey of similar properties in the El Monte/San Gabriel Valley area, staff has determined that the base rental range including parking for similar properties is between \$24 and \$28 per square foot per year full-service gross. Because of the existing lease terms, the \$20.20 base annual rent of the proposed lease renewal represents a below market rental rate.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this lease renewal is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

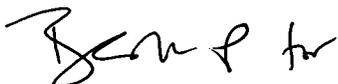
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no disruption of services as this is an exercise of an option to renew the lease term. DPSS concurs with the proposed lease renewal.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC:SK

WLD:CEM:TS:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Department of Public Social Services

DEPARTMENT OF PUBLIC SOCIAL SERVICES
3216 ROSEMEAD BOULEVARD, EL MONTE
 Asset Management Principles Compliance Form¹

1. <u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq ft of space per person? ² The space measures out to 243 sq ft per person and the cost to reconfigure is not cost effective during this renewal.		X	
2. <u>Capital</u>				
A	Is it a substantial net County cost (NCC) program? The lease cost for DPSS is offset by 91% State and Federal funding, and is 9% NCC.		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? The proposed space is available at a competitive market rate and DPSS has requested to remain at the site; therefore, a build-to- suit or capital project is not under consideration at this time.		X	
3. <u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?	X		
D	Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. ___ No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. <u>X</u> The Program is being co-located.			
E	Is lease a full service lease?	X		
F	Has growth projection been considered in space request.	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

**SPACE SEARCH – WITHIN SERVICE AREA OF DPSS CLIENT PARTICIPANTS
DEPARTMENT OF PUBLIC SOCIAL SERVICES
3216 ROSEMEAD BOULEVARD, EL MONTE**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A426	DCFS PASADENA OFFICE	532 E COLORADO BLVD, PASADENA 91101	75235	70721	LEASED	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	193054	126899	FINANCED	NONE
D465	DPSS-PASADENA AP DISTRICT OFFICE	955 N LAKE AVE, PASADENA 91104	36224	25372	OWNED	NONE
A605	DCFS GLENDORA OFFICE	725 S GRAND AVE, GLENDORA 91740	109018	103567	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	194140	165995	LEASED	NONE
0122	THOMAS A TIDEMANSON BUILDING- ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	43500	36975	FINANCED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	536168	363876	FINANCED	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	99123	65494	FINANCED	NONE
0229	AG COMM/WTS & MEAS HQ/ PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91706	35878	32290	OWNED	NONE
6144	MACLAREN CHILDREN'S CENTER	4024 N DURFEE AVE, EL MONTE 91732	71733	39555	OWNED	NONE
A527	PH-ENVIRONMENTAL HEALTH HEADQUARTERS	5050 COMMERCE DR, BALDWIN PARK 91706	77700	66045	OWNED	NONE
4982	PUBLIC LIBRARY- WEST COVINA REGIONAL LIBRARY	1601 WEST COVINA PKWY, WEST COVINA 91790	42345	14717	OWNED	NONE
X257	WEST COVINA COURTHOUSE	1427 WEST COVINA PKWY, WEST COVINA 91790	101573	77341	OWNED	NONE
A059	WEST COVINA REGIONAL SERVICES BUILDING	2934 E GARVEY AVE, WEST COVINA 91791-2191	57633	50369	LEASED	NONE
A275	COMMUNITY DEVELOPMENT COMMISSION HEADQUARTERS	2 CORAL CIR, MONTEREY PARK 91755	67500	60750	LEASED	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	163000	146700	LEASED	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
B119	ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	38000	34200	LEASED	NONE
6064	EL MONTE COURTHOUSE	11234 E VALLEY BLVD, EL MONTE 91731	114829	79129	OWNED	NONE
A130	DPSS-ADMINISTRATIVE HEADQUARTERS	12860 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	55000	41943	LEASED	NONE
B002	DPSS-ADMINISTRATIVE HEADQUARTERS EAST ANNEX	12900 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	34245	31420	LEASED	NONE
A507	DPSS-ADMINISTRATIVE HEADQUARTERS WEST ANNEX	12820 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	33331	28331	LEASED	NONE